



# NEW ENGLAND BOARD OF HIGHER EDUCATION

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## *Office of the President*

February 18, 2016

Sen. Danté Bartolomeo, Co-Chair  
Higher Education and Employment Advancement Committee  
State Capitol, Room 011  
Hartford, CT 06106

Rep. Roberta B. Willis, Co-Chair  
Higher Education and Employment Advancement Committee  
Legislative Office Building, Room 1800  
Hartford, CT 06106

**Re: H.B. 5071, AN ACT REQUIRING CONNECTICUT TO PARTICIPATE IN THE  
STATE AUTHORIZATION RECIPROCITY AGREEMENT REGARDING DISTANCE  
LEARNING PROGRAMS.**

Dear Sen. Bartolomeo and Rep. Willis,

On behalf of the New England Board of Higher Education (NEBHE), thank you for accepting our testimony regarding H.B. 5071, AN ACT REQUIRING CONNECTICUT TO PARTICIPATE IN THE STATE AUTHORIZATION RECIPROCITY AGREEMENT REGARDING DISTANCE LEARNING PROGRAMS.

### **Background of SARA:**

In 2010, the U.S. Department of Education articulated that each state is responsible for authorizing education offered to its residents from institutions outside the state. This regulation had major implications: institutions of higher education would have to initiate an expensive and time-consuming process to request authorization from each state by submitting an application to deliver distance education. Furthermore, states faced the prospect of requests from thousands of institutions.

Subsequently, accreditors, government agencies and higher education organizations proposed a nationwide reciprocity agreement to address these challenges. The State Authorization Reciprocity Agreement, or SARA, is designed to:

- Broaden offerings and lower costs for students;
- Save institutions from seeking approvals for their classes and degree programs on a case-by-case, state by state, basis;
- Allow states to focus on oversight of their own institutions.

### **SARA, a nationwide agreement**

SARA requires each participating accredited, degree-granting institution to be authorized by its home state and eliminates the need for an institution to obtain individual approvals in all of the

states where it serves students.

Currently, 36 states have joined the SARA agreement, a figure that has more than doubled since January 2015. More than 600 institutions are participating in SARA, with more institutions joining every week. There is support for SARA throughout all 54 states and territories, and by the end of 2016, it's projected that there will be a minimum of 40 states participating in SARA.

**As proposed, SARA can, over time, make state authorization policy and regulatory mechanisms more consistent across the states, regions and the nation.**

SARA is built on three partnerships:

- Among states as reciprocal partners,
- Among the four regional compacts for higher education, and
- Among nationally recognized accreditors, the federal government and the states.

This three-way collaboration has traditionally worked well to assure students of quality, accountability and consumer protection.

Consistent with their collaborative missions to expand educational opportunity within their regions, the four regional higher education interstate compacts are uniquely positioned to assist on this issue. In addition to NEBHE, the compacts include the Midwestern Higher Education Compact (MHEC), the Southern Regional Education Board (SREB) and the Western Interstate Commission for Higher Education (WICHE). Interstate recognition within a region also extends to all participating states regardless of region.

### **A voluntary agreement**

SARA establishes reciprocity between willing member states that accept each other's authorization of accredited institutions to operate in their states to offer educational services beyond state boundaries. Trust becomes a guiding principle for a state authorization reciprocity agreement — and requires confidence that each partner take seriously its responsibilities to authorize only institutions that provide high quality education, whether through traditional campus classroom experiences or through technology-mediated or off-campus based experiences. Participation in this agreement is entirely voluntary. This agreement is intended to facilitate expanded access to high-quality distance education opportunities for students by improving state policy and operational mechanisms.

This agreement applies only to educational services provided by institutions outside of their home state boundaries. It in no way affects the unique processes that states may use to authorize an institution to operate or to exempt an institution from oversight within its own state.

Participation at the institution level is voluntary as well. Institutions that do not wish to subject themselves to the level of oversight consistent with interstate reciprocity may choose either not to provide educational services beyond the boundaries of their state or to seek separate authorization to operate in states in which they wish to offer educational services.

### **Benefits of reciprocity**

Significant benefits will accrue to institutions, states and students if the current lack of uniformity in the patchwork of state regulation can be improved through sharing common, consistently applied processes and standards.

**Institutions** will reap financial benefits by no longer having to engage in the confusing and duplicative process of seeking approval to operate on an individual, case-by-case basis in each state in which they serve students.

**States** will benefit by focusing their limited resources on the oversight of institutions within their state, regardless of where that institution serves students. As the number of institutions serving students in multiple states continues to increase, state regulatory offices would find it difficult to conduct meaningful reviews and ongoing oversight of the hundreds, if not thousands, of out-of-state institutions operating in their states.

**Students** will benefit because lower costs for institutions will mean fewer costs passed on to them. Some students are finding their options limited as institutions choose not to serve students in states with onerous authorization requirements. Since regulators will focus their reviews on their home-state institutions, they will have more confidence in the review process and that complaints will be handled and resolved properly.

### **Consumer Protection**

The implementation of SARA will strengthen student's legal rights, not diminish their protection. SARA creates a national platform on which States can address student complaints by agreeing to an investigation of a student complaint or any other reciprocity issue from other SARA member states or any SARA regional or national office.

Currently, **Connecticut** lacks specific standards to regulate online providers without physical presence in their state. This means that all institutions of higher education, based outside the borders of **Connecticut**, currently have access to students in Connecticut, without any regulation. By joining SARA, **Connecticut** would now regulate out of state institutions. All institutions, whether resident in Connecticut or without, would be subject to a comparable standard of conduct.

Additionally, States that are members of SARA have to report the following information to the NC-SARA on a quarterly basis:

1. The number of complaints from out-of-state students, by institution, appealed to the state's SARA portal agency through the complaint resolution process;
2. The resolution of those complaints in the aggregate, by SARA institution: number resolved in favor of the person making the complaint, number resolved in favor of the institution, number resolved by agreement, and number pending resolution.

All of the student complaint information is publicly available on the NC-SARA website.

It is also important to note that nothing in the SARA Agreement limits or compromises the ability of any state or its authorized entities (including attorneys general) to take action against an institution that it views as violating a state's general laws of consumer protection, and in fact the Agreement specifically affirms the roles of state attorney generals.

### **Quality Control**

Participating institutions agree to follow the Interregional Guidelines for the Evaluation of Distance Education Programs for best practices in postsecondary distance education developed by leading practitioners of distance education and adopted by the Council of Regional Accrediting Commissions. NC-SARA, the regional compacts and participating states also monitor institutional behavior to ensure that such quality-oriented provisions are not used as loopholes to get around SARA's core intent.

Last year the issues regarding Corinthian Colleges were of great concern to many regulators in Connecticut, and rightfully so. But it was for reasons unrelated to SARA, because it is critical to

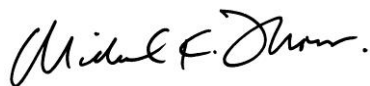
understand that Corinthian Colleges would not have been accepted as a SARA institution. Its financial sustainability scores were unacceptably low. Also, 7% of the current institutional SARA membership is for profit institutions, subject to the same standards as the 93% public and non-profit institutions of higher education.

In regards to financial sustainability, SARA uses a uniform standard across the country, that is clear and understandable, already established, well regarded in the community, and reliable in evaluating whether an institution is in significant financial trouble and at risk of closure. The possibility of allowing each SARA state to set its own financial expectations was discussed; that approach was rejected because it would not yield uniform standards, therefore undermining reciprocity. An institution with a composite score of 1.0-1.49 has the opportunity to make the case to its home state that it is nevertheless sufficiently financially stable to justify state approval to participate in SARA. (The general threshold for the financial soundness requirement is 1.5.)

For all these reasons, NEBHE encourages the **State of Connecticut** to strongly consider legislation permitting the state and its institutions to enter into the State Authorization Reciprocity Agreement. There are currently 36 states enrolled in SARA, including Maryland and Texas and we expect to have close to 40 states by the summer 2016. We have also been working closely with both New Jersey and New York, states not currently affiliated with a regional compact, as they both passed SARA legislation in 2015.

If there are ways in which NEBHE can assist in Connecticut's review of SARA policies and procedures, as well as state and institution obligations and implementation, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, reading "Michael F. Thomas". The signature is fluid and cursive, with a large initial "M" and a stylized "T".

Michael Thomas  
President and CEO  
New England Board of Higher Education